

**RHODE ISLAND DEPARTMENT OF
ELEMENTARY AND SECONDARY EDUCATION
RHODE ISLAND SCHOOL FOR THE DEAF
PERFORMANCE AUDIT
AUGUST 2003**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
ONE CAPITOL HILL
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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R.I. DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
RHODE ISLAND SCHOOL FOR THE DEAF
PERFORMANCE AUDIT

EXECUTIVE SUMMARY

A performance audit was conducted on the Rhode Island School for the Deaf [the School] and the Boards that govern it. The purpose of our audit was to identify deficiencies inherent in current and past practices and to recommend corrective action to improve management controls and to improve the effectiveness and efficiency of the Boards that govern the School.

The Board of Regents for Elementary and Secondary Education, the Board of Trustees of the Rhode Island School for the Deaf and the R.I. School for the Deaf's management have neither developed nor implemented policies and procedures to promulgate the various responsibilities needed to efficiently and effectively meet the educational requirements of the deaf and hearing-impaired and the blind and visually-impaired students entrusted to the School.

Formal objectives have not been established or communicated at the management and oversight levels. With no formal financial and operational benchmarks in place the School's performance cannot be measured to ensure effective and efficient operating standards. And the School is unable to obtain an accurate assessment of its students' needs and those of its staff members.

R.I. DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
RHODE SCHOOL FOR THE DEAF
PERFORMANCE AUDIT

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
LETTER OF TRANSMITTAL	1
INTRODUCTION	
Objectives, Scope, and Methodology	2
Background	2
STATUS OF PRIOR AUDIT RECOMMENDATIONS	4
CURRENT YEAR FINDINGS AND RECOMMENDATIONS	
BOARD OF REGENTS AND COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION:	
Board of Trustees	7
Financial Report	8
American Sign Language Certification	8
Vision Services	8
BOARD OF TRUSTEES:	
Board Minutes	10
Policy Manual	10
Register of Pupils	10
DIRECTOR/SUPERINTENDENT R.I. SCHOOL FOR THE DEAF:	
Program Management:	
Individualized Education Programs	11
Evaluation of Teachers	12
Teacher Certification	13
Sabbatical Leave	13
Faculty Meetings	14
Staff Sign-Out Form	14
Mainstream Students	14
Teacher-to-Student Ratio	15
Financial Management:	
Policies and Procedures	16
Cash Receipts	16
Accounts Payable/Cash Disbursements	17
Accounts Receivable	17
Per Pupil Cost	18

R.I. DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
RHODE ISLAND SCHOOL FOR THE DEAF
PERFORMANCE AUDIT

TABLE OF CONTENTS – (Cont'd)

	<u>Page</u>
Financial Management - (Cont'd)	
In-State Travel	18
Vehicle Usage Report	19
Telephone Charges	19
Time and Effort Reporting	20
Purchasing	20
Leases	21
Inventory and Property Management	21
Public School InSite Report	22
Income Derived From Vending Machines	22
Student Activity Account	23
Cash Management-Federal Programs	23
 OTHER PROGRAMS:	
Building Safety and Security	24
Fire Safety	24
 MANAGEMENT'S RESPONSE TO AUDIT FINDINGS AND RECOMMENDATIONS	 26



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August 15, 2003

Mr. Peter McWalters, Commissioner
R.I. Department of Elementary and
Secondary Education
255 Westminister Street
Providence, RI 02903

Ms. Maureen McEntee, Chairperson
Board of Trustees
R.I. School for the Deaf
160A Danielson Pike
Foster, RI 02825


Dear Commissioner McWalters and Ms. McEntee:

We have completed an audit of the Rhode Island Department of Elementary & Secondary Education, Rhode Island School for the Deaf. Our audit was conducted in accordance with Sections 35-7-3 and 35-7-4 of the R.I. General Laws.

The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of the report. Management's response is included in this report.

In accordance with Section 35-7-4 of the Rhode Island General Laws, we will review the status of the Rhode Island Department of Elementary and Secondary Education, Rhode Island School for the Deaf's corrective action plan within six months from the date of issue of this report.

Sincerely,


Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

R.I. DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
RHODE ISLAND SCHOOL FOR THE DEAF
PERFORMANCE AUDIT

INTRODUCTION

Objectives, Scope, and Methodology

We conducted a performance audit of the R.I. Department of Elementary and Secondary Education, Rhode Island School for the Deaf [the School] for the fiscal year ended June 30, 2002 thru March 2003. Our objectives were to determine if the School complied with state laws and regulations and was providing student services in an economical and efficient manner.

Our audit was made in accordance with the *Standards for the Professional Practice of Internal Auditing Issued by the Institute of Internal Auditors*. In conducting our audit, we evaluated the practices and procedures used by the School in administering its operations. Our purpose was to identify practices and procedures that could be improved or made more efficient, and to identify any significant noncompliance with applicable state or federal laws. To achieve our objectives, we reviewed relevant policies and procedures, state laws and regulations, and applicable federal laws; interviewed responsible personnel; and performed tests of the records and such auditing procedures as we considered necessary in the circumstances.

Findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of our report. Section 35-7-4 (c) of the Rhode Island General Laws requires the auditee to respond in writing within 60 days to all recommendations made in the report. Management's response to our audit findings and recommendations were submitted on August 8, 2003, and are included in our report.

Background

The Rhode Island School for the Deaf [the School] is a state-operated school for hearing-impaired children and operates as an administrative subdivision of the R.I. Department of Elementary and Secondary Education (RIDE). As such, all state appropriations and federal funds are accounted for in the state accounting system and all related transactions are processed through RIDE. The School provides educational services to grades that range from primary care through high school. In addition, the School operates the Rhode Island Hearing Center, which provides diagnostic services to children who have been identified as having hearing problems.

RIGL 16-26-3.1 (2) defines the powers and duties of the Rhode Island School for the Deaf. The School operates as a local education agency governed by a board of trustees. With the exception of those powers and duties reserved to the Director, the Commissioner of Elementary and Secondary Education, and the Board of Regents for Elementary and Secondary Education, the Board of Trustees has the power and duties of a school committee. The powers and duties of the various units of responsibility and operation are:

Board of Regents and Commissioner for Elementary and Secondary Education:

- Appoint members of the Board of Trustees;
- Establish strategic direction for the education for the deaf and hard of hearing children in Rhode Island;
- Provide parameters for budget requests; and
- Approve the process of selection of a director for the School for the Deaf.

Board of Trustees:

- Ensures compliance with RIGL 16-2-9--“General Powers and Duties of School Committees”;
- Identifies the needs of the deaf and hard of hearing children in Rhode Island;
- Develops educational policies to meet the needs of the deaf and hard of hearing children served by the School;
- Appoints a director and approves the appointment of assistant directors; and
- Provides policy guidance and participates in budget development.

Director/Superintendent of the Rhode Island School for the Deaf

- Responsible for managing and operating the School on a day-to-day basis;
- Recommends to the Board of Regents educational policies established by the Board of Trustees;
- Provides for the evaluation of all school personnel;
- Establishes a school-based management approach for decision making for the operation of the School;
- Reports to the board of trustees the financial condition and operation of the School;
- Provides a link between the School and the Board of Trustees; and
- Prepares an annual budget for approval by the Board of Trustees.

R.I. DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
RHODE ISLAND SCHOOL FOR THE DEAF
PERFORMANCE AUDIT

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The following audit recommendations were identified in the report prepared by the Bureau of Audits for the fiscal year ended June 30, 1997, issued July 1999.

Standard Operating Procedures Manual

1. Standard operating policies and procedures should be developed, implemented, and promulgated to the entire staff.

Not implemented. See current year recommendation 21.

2. As recommended in a previous audit report, written policies and guidelines for the operation of revenue-generating activities at state-operated schools should be developed and submitted to the Board of Regents for approval.

No longer applicable.

Noncompliance With State Policies

3. The Rhode Island Department of Elementary and Secondary Education (RIDE) should provide tighter oversight and monitoring of school finances to alleviate the likelihood of future abuses.

Not implemented. See current year recommendations 3 and 21.

4. RIDE should perform an internal review of the medical insurance payments and initiate control procedures to prevent the possibility of recurrence.

Not implemented. See current year recommendation 14.

5. Close all student activity cash accounts and transfer custody and accountability to the General Treasurer's Office and the Office of Accounts and Control, respectively.

Partially implemented. See current year recommendation 42.

Annual Financial Report (Form 31)

6. RIDE should provide the additional software training needed to properly instruct school personnel in the use of this software.

Not implemented. See current year recommendation 39.

7. RIDE should enforce the filing deadline it imposes on Rhode Island School Districts.

Not implemented. See current year recommendation 39.

Federal Grant Report

8. Develop and implement monitoring procedures to ensure compliance with grantor reporting requirements.

Not implemented. See current year recommendation 43.

Accounts Receivable

9. Comply with Procedure A-16 as prescribed by the Office of Accounts and Control.

Not implemented. See current year recommendation 27.

Advisory Council

10. The school's management should make every effort to comply with the requirements set forth in RIGL 16-26-3. Alternatively, if compliance cannot be accomplished, the General Assembly should be petitioned to repeal this law.

Implemented.

Bank Reconciliation's

11. Prepare bank reconciliation's in a timely manner, resolve all reconciling items promptly, and retain proper documentation to support each reconciliation performed.

No longer applicable.

12. Provide training to the employee who is responsible for preparing the monthly bank reconciliation's.

No longer applicable.

Purchasing Procedures

13. Conform all purchases to the requirement established by RIGL 37-2.

Not implemented. See current year recommendation 35.

Travel Expenses

14. Retain supporting documentation to substantiate travel expenditures.

Not implemented. See current year recommendation 29.

Loans to Employees

15. Discontinue lending or advancing funds to employees, as previously recommended.

Implemented.

Cash Payments

16. Retain vendor invoice and/or other supporting documentation to substantiate all payments.

Implemented.

Golf Tournament

17. Maintain detailed cash receipt records indicating the date received, the source of each receipt, and the allocation of the receipt to an appropriate revenue classification (e.g., entry fees, donations, etc.)

No longer applicable.

18. As recommended in a previous audit report, state approval should be obtained prior to sponsoring the annual golf tournament.

No longer applicable.

Facility Rental

19. Reimburse the general fund for amounts collected but not remitted to the General Treasurer.

Not implemented. See current year recommendation 24.

20. Keep state revenues intact and deposit directly with the General Treasurer in accordance with RIGL 35-4-2.

Not implemented. See current year recommendation 24.

R.I. DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
RHODE ISLAND SCHOOL FOR THE DEAF
PERFORMANCE AUDIT

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

BOARD OF REGENTS AND COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION:

Board of Trustees

In 2001 Rhode Island General Law 16-26-3.1 (c) was enacted to restructure the governance of the Rhode School for the Deaf. [the School] The School is operated as a local education agency governed by a Board of Trustees. The Board of Trustees has broad policy-making authority regarding the operation of the School with the exception of those powers reserved to the Director of the School, the Board of Regents, and the Commissioner of Elementary and Secondary Education. The Board of Regents and the Commissioner of Elementary and Secondary Education appoint the members to the Board of Trustees and determine their qualifications and term limits. The Board of Trustees is comprised of nine individuals and not less than five shall be persons who are deaf and hard of hearing.

Currently the Board of Trustees consists of six members; none have been informed by the Board of Regents as to their term limits. The current status of three open positions and the lack of clearly defined term limits of board members restrict the Trustees' ability to function as a policy-making committee since seven members are needed for teacher appeals and a majority of the nine members are needed for a quorum to vote and enact new policy.

The Board of Trustees are required to identify the needs of and to develop the educational policies for the deaf and hard of hearing children served by the School for the Deaf. We were unable to determine the criteria used for selecting the Board of Trustees or the qualifications they should possess.

Recommendations

1. The Board of Regents should appoint the requisite number of members to the Board of Trustees and identify their term limits in accordance with RIGL 16-26-3.1 (c).

Management's Response: Accepted

2. The Board of Regents should establish criteria for selecting nominees to serve on the Board of Trustees.

Management's Response: Accepted

Financial Report

The Board of Regents for Elementary and Secondary Education (RIDE) requires each school district including state-operated schools to submit an annual report for each fiscal year. RIDE has not received a financial report from the School for the Deaf since Fiscal Year 2000. We were advised that RIDE would impose a sanction for noncompliance by withholding funds however; no sanctions have been imposed because it is a state-operated school funded by appropriation.

Recommendation

3. RIDE should develop a policy to address the subjects of compliance and sanctions for noncompliance for state-operated schools.

Management's Response: Partially accepted

American Sign Language Certification

In accordance with RIGL 16-25.2-4 the Board of Regents for Elementary and Secondary Education shall adopt regulations to establish standards for assessing competency in American Sign Language (ASL) that are consistent with standards adopted by the board of examiners of interpreters for the deaf. The statute further requires teachers hired after July 3, 1995 to demonstrate competency in ASL.

We were unable to determine if the Board of Regents has adopted the necessary regulations to establish standards for assessing competency in ASL. We further attempted to determine compliance with the section of the statute that requires teachers hired after July 3, 1995 to demonstrate competency in ASL. Our review of personnel files for eight teachers and one school counselor subject to the new requirement did not include documented evidence of these individuals being competent in ASL.

Recommendation

4. The Board of Regents should promulgate regulations assessing competence in ASL to ensure teachers hired at the school can obtain documented evidence of competency.

Management's Response: Partially accepted

Vision Services

During our review we became aware of the fact that in addition to providing services for the deaf and hearing impaired the School, by law, also provides vision services for visually-impaired children from birth to 21 years of age. Hearing-impaired children who meet the criteria attend classes at the School for the Deaf. Visually-impaired children are serviced through their Local Education Agency (LEA) and the outreach vision teachers employed by the School for the Deaf. Currently there are six vision teachers who attempt to service 157 students in the database.

The vision faculty provides direct teaching instruction in Braille reading, writing, and the math code. They do not teach in a classroom setting; rather, the student is removed from the classroom and works with the vision teacher on a one-to-one basis. In addition, the vision faculty visits classroom teachers throughout the state and provides consulting services to various students.

The entire vision faculty is certified to teach the blind and visually impaired and has demonstrated competency in reading and writing Braille. Needless to say, not all of the eligible students within the database are receiving services, and to compound the issue, one of the vision service teachers retired in June 2003. Direct services are being rendered to 91 children in the database, 29 in the early intervention program, and 62 in direct consultation. One teacher is responsible for the 29 children in early intervention and the caseload for the remaining five teachers ranges from 9 to 15 students per teacher.

The current vision services program was not part of the School for the Deaf until approximately five years ago. The purpose of bringing the vision program under the umbrella of the School for the Deaf was that the program would be protected if it were in the context of a school setting; however, this does not appear to be working. The vision program accounts for only 9 percent of the School's total budget. The table below shows the allocation of these monies.

APPROPRIATIONS FOR FYE 6/30/02			
	State Funds	Federal Funds	Total All Funds
Vision Program	\$ 281,475	356,126	637,601
Hearing Program	5,004,865	889,726	5,894,591
Total School Budget	\$ 5,286,340	1,245,852	6,532,192

Management at the School does not appear to lend itself to addressing the needs of the visually impaired. This is most evident by the fact that the visually-impaired do not have a presence on the Board of Trustees for the School for the Deaf and by the limited funding allocated to the visually-impaired program.

Recommendation

5. Currently there is a Special House Commission to Promote and Develop a Comprehensive System of Education for Visually-Impaired Children. We recommend that the vision services program be transferred from the Rhode Island School for the Deaf to an agency whose focus is to service the visually impaired until such time the Commission has completed its work.

Management's Response: Accepted

BOARD OF TRUSTEES:

Board Minutes

RIGL 42-46-7 requires that all public bodies keep written minutes of all their meetings. The minutes shall be public records, and shall include but not be limited to date, time and place of meeting, members present or absent, a record of votes taken, and any other relevant information. The minutes shall be available to the public within thirty-five days of the meeting or at the next regularly scheduled meeting whichever is earlier. Unofficial records are to be maintained at the office of the public body with official records filed with the Rhode Island Secretary of State.

Our review disclosed that although the Board meets monthly, all board minutes were neither available for inspection nor filed with the Secretary of State, and those that were available did not conform to Roberts Rules of Order. As a result, there is no documented evidence of issues discussed, votes taken, or any other information one would expect to see in formal meeting minutes.

Recommendation

6. The Board of Trustees should ensure compliance with RIGL 42-46-7.

Management's Response: Accepted

Policy Manual

Article X of the Board of Trustees By-Laws states that the Trustees shall develop a policy manual to serve as guidelines and goals for the successful and efficient operations of the School. The Board of Trustees has not formally addressed educational and staffing policy at the School for the Deaf as required by Article X of the By-Laws nor were we able to determine a timetable as to when it will be completed and promulgated.

Recommendation

7. The Board should set an agenda to develop and complete a policy manual and file the resulting policy directive according to RIGL's 42-35-2 and 42-35-4.

Management's Response: Accepted

Register of Pupils

In accordance with RIGL 16-12-4, every teacher is required to keep a register of the name, sex, age, names of parents or guardian, the time when each student enters and leave the school and their daily attendance. The school committee may establish an alternative method of keeping the register provided that all required information is furnished to the Department of Elementary and Secondary Education. Our review disclosed that teachers in the middle and high schools do not maintain a formal register of pupils for daily attendance purposes. As in most

middle and high schools, these students move from room to room. In the absence of a formal procedure for recording attendance in the middle and high schools we were unable to satisfy ourselves that the School was in compliance with the statute.

Recommendation

8. The Board should develop a policy and procedure to ensure compliance with RIGL 16-12-4.

Management's Response: Accepted

DIRECTOR/SUPERINTENDENT R. I. SCHOOL FOR THE DEAF:

Program Management:

Individualized Education Programs. Our review of the Individualized Education Programs (IEPs) prepared and in the possession of the Rhode Island School for the Deaf revealed that there does not appear to be a methodology in place for the organization, maintenance, or security of the student IEP records. IEP records are not secure, cannot always be readily located and the content of student IEP folders are not consistent. Assessments and case documentation are not being administered consistently for all students. Student IEP records are incomplete and not reflective of student progress. We examined IEP correspondence, both "to" and "from" the R.I. School for the Deaf, and noted that only 4 of 41 students' folders contained records from parents concerning their children's IEP. Records were not on file to document that parents are being informed of their rights under IEP rules and regulations.

We conducted an audit test on an IEP schedule dated 1/22/03 that listed 125 students. We randomly selected 30 of the 125 student records as follows: 2 students from each grade (K-Grade 11), and 3 from preschool and 3 from Grade 12 because those two grades have a larger student population.

Following are the results of our testing the 30 records:

- 3 files did not contain a copy of the student's IEP; 1 of these instances was attributed to the fact that the student is an exchange student from Sweden for the 2002-03 academic year;
- 7 cases where the required number of IEP team members were not present during IEP meetings;
- 22 instances where the student's chronological age was recorded incorrectly;
- 11 files did not include the student's home school;

- 22 files did not have documentation noting that required IEP progress reviews had been conducted; and
- 13 files contained incomplete evaluation schedules and procedures for the student's assessments as defined in the Office of Special Needs Guidebook.

The conclusion drawn from this audit test is that student IEP records are not being maintained in accordance with the directives of the Board of Regents and the R.I. Department of Elementary and Secondary Education, Office of Special Needs IEP Guidebook.

Recommendations

9. The Rhode Island School for the Deaf and its management should organize, maintain, and secure the confidentiality of student IEP records in accordance with state and federal mandates.

Management's Response: Accepted

10. The Rhode Island School for the Deaf should conduct the IEP process, in its entirety, in accordance with the directives of the Regulations of the Board of Regents for Elementary and Secondary Education Governing the Education of Children with Disabilities, and the Rhode Island Department of Elementary and Secondary Education, Office of Special Needs IEP Guidebook.

Management's Response: Accepted

Evaluation of Teachers. The purpose of employee evaluation is to enhance the instructional ability of the teacher, to promote professional growth, and to facilitate effective educational programs. Article XVII of the Contract between the Rhode Island School for the Deaf Teachers' Association, Local 2012 and Article XX of the Howard Teachers Union, Local 1171 have included provisions for teacher evaluations. In addition to the union contract RIGL 16-26-3.1 also addresses evaluation of school personnel. Our review disclosed that the teachers at the School for the Deaf have not recently been evaluated nor could anyone remember when or if an evaluation of teachers was ever conducted. We were further unable to determine a timetable for these evaluations or review the program criteria to be evaluated. In the absence of teacher evaluations, management is unable to assess the instructional ability of its teachers over a period of time.

Recommendation

11. A comprehensive program should be developed and implemented for the evaluation of teachers at the Rhode Island School for the Deaf.

Management's Response: Accepted

Teacher Certification. The Rhode Island Department of Education's Non-Classified Job Description of teachers at the Rhode Island School for the Deaf, education section states, "Education as may be gained through the possession of a Bachelor's or Master's Degree in Education for the Deaf." Management provided a roster of thirty-four teachers employed by the School for the Deaf. Our review of certifications on file for the thirty-four teachers disclosed that eight were not certified to teach the deaf or hearing-impaired.

Recommendation

12. Management should ensure that faculty members are certified to instruct the hearing-impaired.

Management's Response: Rejected

Sabbatical Leave. In accordance with the Article XII of the Union Contract, sabbatical leaves will be granted to employees for professional development subject to various conditions. Our review of the conditions disclosed that the school granted an employee sabbatical leave and did not require the employee to request the leave timely or to present a program of activity that supported the intention of professional improvement nor did the school obtain a written agreement that upon termination of the leave the employee would return to serve for a period equal to the length of the leave. The employee's personnel records indicate the leave commenced August 28, 2001 and ended December 31, 2002. Our review of the employee's leave papers disclosed that the leave granted with benefits per the Union Contract. Article X, Section 10.6.2 states, "If the leave is for educational purposes, the State shall continue to pay its share for a period of one year only." This employee received a one-year leave with benefits but inappropriately received state-paid health benefits from August 28, 2002 through December 31, 2002 at a cost of \$3,047 to the State of Rhode Island.

Recommendations

13. Ensure that all sabbatical leaves are processed in accordance with the Union Contract.

Management's Response: Accepted

14. Cease providing medical benefits beyond contract limits to those employees on sabbatical leave.

Management's Response: Accepted

15. Explore the feasibility of recouping the cost of medical benefits that have been improperly extended by management.

Management's Response: Accepted

Faculty Meetings. Article III, Section 3.3 of the Union Contract states, "All teachers agree to remain after school for staff meetings not to exceed six times a year for a duration of fifty minutes. The scheduled time for such staff meetings shall be posted at least one month ahead of a scheduled meeting to assist teachers in planning for them." Our review disclosed that faculty meetings are scheduled each Wednesday as follows:

Middle School	1:30- 2:25 PM
High School	10:20-11:15 AM

Teachers at the School for the Deaf work 8:30AM to 2:30PM, have 30 minutes for lunch, and 45 minutes unassigned. This schedule ensures students receive twenty-five weekly periods of class time. When faculty meetings are held during the school day and not after school as stipulated in the Union Contract, the students do not receive twenty-five periods of class time weekly.

Recommendations

16. Ensure that faculty meetings are held in accordance with the Union Contract.

Management's Response: Rejected

17. Provide students with twenty-five weekly periods of education.

Management's Response: Rejected

Staff Sign-Out Form. In accordance with Section 16.6 of the Union Contract, teachers are permitted to leave the premises during their preparation period. A staff sign-out form will serve as notification for a teacher leaving the building during preparation periods. The school does not have a policy/procedure for teachers to sign in/out when leaving the building for their preparation periods nor were we able to obtain any evidence of such a system being in place.

Recommendation

18. Implement policies and procedures to ensure compliance with Section 16.6 of the Union Contract.

Management's Response: Accepted

Mainstream Students. We noted that 23 of 123 (18%) of the students registered at the school are in various mainstream/co-op programs. These students receive part of their education at the School and the other part among their hearing peers at various schools' co-op programs. Our review disclosed that the teachers' assignment schedules sometime conflict with the student's actual attendance.

FOR EXAMPLE:

Teacher's Schedule
Student A Signs Into School

Monday thru Friday
Tuesday & Thursday

Teacher's Schedule
Student B Signs Into School

Monday thru Friday [8:30-9:25a.m]
Mon, Wed & Friday [12:45p.m.]

We noted instances where students are assigned to classes that start before they arrive at the School from their various mainstream programs. For example, a student signs in between 10:35 and 10:45 a.m. for a 10:20 a.m. class. This type of scheduling results in the overstatement of class size, with students not receiving the full benefit of class time, and late arriving students causing a possible disruption to the class.

Recommendation

19. Schedules of mainstream students should coincide with their teachers' to ensure students are in attendance for their scheduled instruction. Also, class size should be correctly stated.

Management's Response: Rejected

Teacher-to-Student Ratio. All of the students attending the School for the Deaf are considered special education students. Section 300.552 of the Regulations of the Board of Regents for Elementary and Secondary Education Governing the Education of Children with Disabilities stipulates that class size be limited to eight children unless there is a teacher assistant in which case the maximum size can be ten. Management provided us with Personnel Salary and Supplements which documented the allocation of the 34 teachers at the School for the Deaf as follows: 4 teachers are assigned as coordinators or outreach faculty and 4 are on leave, resulting in 26 classroom teachers for a total population of 123 students. It should be noted that the special education teacher, who has 2 students, has not been included in the ratio calculation, nor are we including the student who attends Community Prep and only attends the school on Wednesdays and Fridays from 12:45 pm to 2:45 pm. Given the foregoing, the School for the Deaf has a teacher/student ration of 4.8 to 1. Should the 4 teachers currently on leave return to the School for the Deaf the ratio is further reduced to 4.1 to 1. This analysis does not take into consideration that twenty-three of the students are mainstreamed and do not attend the School for the entire day.

Recommendation

20. Adhere to the Union Contract as it applies to class size.

Management's Response: Rejected

Financial Management:

Policies and Procedures. Formal policies and procedures are an integral part of an organization's internal control. The effectiveness of management to ensure that the School's operations meet the provisions of the Rhode Island General Laws are significantly reduced when policies and procedures are inadequate or incomplete. Clearly defined methods of fulfilling responsibilities within the organization allow for consistent operation and administration by staff and management. The Rhode Island School for the Deaf does not have standard operating policies/procedures for the various fiscal transactions performed within the School's business office. Because the School operates without a formal accounting procedures manual there is a lack of internal control to provide reasonable assurance that specific objectives are consistently achieved within the various accounting functions. This became very evident when the auditors noted that the School's Director submitted and management approved \$314.82 in personal Federal Express charges to his residence in Maryland. Only after this was brought to the attention of management and the Director was reimbursement made to the State. We further noted that a T-mobile sidekick was purchased by the Director and approved by management. This item was purchased in the name of the Rhode Island School for the Deaf. Our review of the invoices from the vendor indicated that the usage was personal in nature and should be reimbursed to the State. Management approved payment of \$307.55 and is currently holding invoices in the amount of \$180.25 for a total amount of \$507.25 of personal use.

Recommendations

21. Management should adopt, implement, and promulgate comprehensive policies, procedures, and guidelines regarding the financial management of the School in its entirety, and review them on a regular basis.

Management's Response: Accepted

22. Obtain reimbursement from the Director in the amount of \$507.25 for the personal use of the T-mobile sidekick.

Management's Response: Rejected

Cash Receipts. The School receives revenue from out-of-state student tuition and from facility rental fees. Copies are made of all checks and a journal entry is made in the State's RI-SAIL accounting system. The tuition revenue is posted to the general fund as required; however, the school offsets utility expenditures from a portion of the facility rental revenue. This facility rental revenue should also be posted to the general fund. The school does not maintain a cash receipts journal, nor do they reconcile the school's records to the records of the state controller. Auditors further noted that deposits are not being made timely. RIGL 11-28-1 requires that cash receipts be deposited within seven business days.

Recommendations

23. The School for the Deaf should maintain a cash receipts journal and reconcile monthly to the controller's records.

Management's Response: Accepted

24. Cease offsetting expenditures and deposit all monies into the general fund.

Management's Response: Rejected

25. Ensure deposits are made in accordance with RIGL-11-28-1.

Management's Response: Accepted

Accounts Payable/Cash Disbursements. A lack of formal cash management policies and procedures within the business office of the School has resulted in concerns in the management, documentation, and recording of cash disbursement transactions. Our review disclosed that the School maintains neither an accounts payable schedule nor a pending file of open orders; as a result the auditors noted duplicate payments in the amount of \$322. Our review also disclosed that not all invoices submitted for processing had packing slips attached or an authorized agent's signature to approve payment.

Recommendation

26. Management should implement procedures to ensure a monthly schedule of accounts payable is developed and all invoices processed for payment should have a packing slip attached and an authorized agent's signature to approve payment.

Management's Response: Partially accepted

Accounts Receivable. The School's management has not complied with the Office of Accounts and Control's Procedure A-16, which sets forth the method of maintaining centralized control accounts receivable that are due to the state. The school's present system tracks tuition receivables from state and local governments outside of Rhode Island; however, this data is not filed with the Office of Accounts and Control. Procedure A-16 requires all departments, divisions, and agencies to report their accounts receivables to the Office of Accounts and Control electronically on a monthly basis.

Recommendation

27. Comply with Procedure A-16 of the State Controller's Procedural Handbook.

Management's Response: Accepted

Per Pupil Cost. The auditors determined that the cost per pupil for attending the R. I. School for the Deaf is \$40,722. During our review of accounts receivable, we noted that the School charges out-of-state municipalities a tuition rate of \$21,270 for their students. This tuition rate has not been reviewed and/or increased since 1991. It is our understanding that management has not addressed this because the money from out-of-state tuition goes into the General Fund and not to the School. Currently the School has 17 out-of-state students of which 13 are charged \$21,270 for a total of \$276,510 and the costs for 4 students are prorated by an entity known as the Northern Collaborative for a total of \$47,285. It is our understanding this cost is prorated because the students are part of the School's mainstream program. This out-of-state tuition rate of \$21,270 is not sufficient. The State of Rhode Island is subsidizing those 17 out-of-state students at a rate of \$19,452 per student for a total of \$330,684.

Recommendation

28. Management should periodically review the Schools tuition cost per pupil and bill the municipalities accordingly.

Management's Response: Partially accepted

In-State Travel. We reviewed in-state travel reimbursement vouchers to determine if there was a system in place to ensure the validity of travel reported and the amount of reimbursement. Outreach teachers incur most of the in-state travel expenses. These teachers usually leave from their homes and proceed to their destinations. Each month a travel reimbursement voucher is submitted logging miles traveled and point of destination. The Rhode Island School for the Deaf does not maintain a log of daily travel as required by A-46 of the State Procedural Manual; nor do they have a reporting system in place to ensure that the travel reported is valid. We further noted that an employee was paid \$205.86 twice for travel in the same month.

Recommendations

29. Management should implement a system of internal control over in-state travel to ensure its validity. Travel reimbursement vouchers should be reconciled to internal records to avoid any discrepancies.

Management's Response: Accepted

Recommendations – (Cont'd)

30. Management should seek reimbursement of \$205.86 from the employee who was paid twice.

Management's Response: Accepted

Vehicle Usage Report. Our review of state fleet vehicles in use at the Rhode Island School for the Deaf revealed that management has not complied with RIGL 42-11.3 and Procedure A-51 of the State Controller's Procedural Handbook. A "Vehicle Usage Report" was not submitted for the Director/Superintendent's personal use of the state vehicle provided to him as a condition of his employment contract. The Director took possession of the vehicle (State Plate 1175) on June 19, 2002 as a commuting vehicle at which time the odometer reading was verified by State Fleet at 35 miles. On January 9, 2003 the auditors read the Vehicles odometer at 15,397 miles. The 2002 "Vehicle Usage Report" should have been submitted by December 11, 2002. This matter was brought to the attention of management but as of this writing no report has been filed. As a result, both employee income and federal and state tax liabilities are understated.

Recommendation

31. Management should file "Vehicle Usage Reports" timely to comply with the State Controller's Procedure A-51.

Management's Response: Accepted

Telephone Charges. Section A-54 of the State Controller's Procedural Handbook applies to the use of the state's land-based telephone system, cellular phones, or pagers for personal calls. Personal calls not of an emergency nature must be kept to a minimum and must not interfere with state business. On a monthly basis, employees are required to identify and reimburse the state for the full cost of all long-distance and toll calls, cellular phone calls, and calling card telephone calls of a personal nature. Employees must return any state-owned cellular phone and/or pagers at the request of their supervisors or when their employment is terminated. We determined that the Rhode Island School for the Deaf has not established a policy for the monitoring, examining or reimbursement of personal calls made by school staff who are in possession of state-owned telephones. It should be noted that as of the end of our audit field work the School for the Deaf had not complied with a state directive requiring that all state-owned cellular phones be returned to the proper appointing authority.

Recommendations

32. Management should comply with state policies regarding the monitoring, examination, and reimbursement of all personal use of all state telephone communication devices.

Management's Response: Accepted

Recommendations – (Cont'd)

33. Management should comply with state directives regarding the return of cellular phones to the proper state authority.

Management's Response: Accepted

Time and Effort Reporting. The Rhode Island School for the Deaf does not have policies and procedures in place to ensure payroll costs are valid. Employees at the School do not submit weekly time and effort reports. Consequently, neither employees nor their supervisors validate hours worked. Management utilizes a weekly "sign in" sheet. Our review disclosed that the "Attendance Sign-In/Sign-Out" sheets are inadequate to the extent that employees often signify attendance by an "x" or a "√" and do not indicate a work time "in" or "out." Auditor tests also proved that some employees "sign in" on a Monday for the entire week. This system of reporting time and effort lacks the necessary internal controls to provide management with the confidence that the information being recorded is either reliable or accurate. At the very least, time and effort reports should document time worked, leave taken, and other absences; they should be signed by the employee and be reviewed and approved by a supervisor.

Recommendation

34. The Rhode Island School for the Deaf should develop policies and procedures for reporting the time and effort of its employees.

Management's Response: Accepted

Purchasing. Purchasing functions at the Rhode Island School for the Deaf were reviewed and it was determined that a significant number of purchase orders could be reduced by utilizing blanket purchase orders for the payment of services of a similar nature (i.e., postage, express delivery) in accordance with RIGL 37-2.

Recommendation

35. Management at the School for the Deaf should use blanket purchase orders for non-contracted expenditures of a similar nature in accordance with RIGL 37-2.

Management's Response: Accepted

Leases. An examination of facility use agreement leases by the Rhode Island School for the Deaf provided no documentation that the School had the lease agreements approved by the Attorney General as to form and the Director of Administration as to substance in accordance with Rhode Island General Law 42-20-8. Comparisons made between the lessee's dates of use and the lessee's certificate of liability insurance indicated several lessees did not have insurance policies in effect for the dates the facility was in use. This absence of proof of insurance may make the state liable for any injuries that may occur on the school premises while utilized by the lessee.

Recommendations

36. The Rhode Island School for the Deaf should submit lease agreements for approval with both the Attorney General and the Director of Administration in accordance with Rhode Island General Law 42-20-8.

Management's Response: Accepted

37. The Rhode Island School for the Deaf should develop procedures to ensure lessees provide certificates of liability insurance for the period the facility is utilized by the lessee.

Management's Response: Accepted

Inventory and Property Management. The state capitalization policy requires capitalization of movable equipment having a useful life of more than one year and a basis of \$5,000 or more, (\$500 for computer equipment). The amount capitalized is the purchase price of the asset and any costs necessary to prepare the assets for use. Donated assets should be capitalized at their fair market value at the time of acquisition. We reviewed the inventory and property of the Rhode Island School for the Deaf and noted that the School has no current, comprehensive listing of its fixed assets. The most recent inventory listing was made on May 23, 2002 and only contains computers with no cost basis and excludes items that the Office of Accounts and Control has included in their listing of substantial, capitalized fixed assets at the School for the Deaf. A previous inventory listing made October 29, 2001 contains items in which their status is listed as stolen.

Program departments and agencies can account for items outside of the state's Fixed Asset Control and Tracking System (F.A.C.T.S.) by coordinating the use of this system with the Office of Accounts and Control. Agencies can use a special color departmental bar code label and number sequence to inventory fixed assets under the state threshold.

Recommendation

38. Management should implement state policies and procedures that seek to establish a system to control and establish the proper stewardship over the state's investment in fixed assets at the School for the Deaf.

Management's Response: Partially accepted

Public School InSite Report. Although the State Board of Regents for Elementary and Secondary Education has promulgated regulations regarding standard accounting procedures including a uniform system of accounts for determining the cost of special education and standard reporting requirements known as InSite, the Rhode Island School for the Deaf has neither a standard accounting system nor a uniform system of accounts for determining special education costs (RIGL 16-24-2). The School has not submitted the annual public school financial report known as the InSite Report for the fiscal years ended 6/30/01 and 6/30/02. The last report submitted to the Rhode Island Department of Education was submitted 2/28/01 for the fiscal year ended 6/30/00. As a result of this, the Rhode Island Department of Education does not have financial data from the School for the Deaf for comparison purposes.

Recommendation

39. The Rhode Island Department of Education should enforce the same filing requirements it imposes on Rhode Island school districts with the Rhode Island School for the Deaf and provide software training to responsible staff.

Management's Response: Accepted

Income Derived From Vending Machines. In accordance with RIGL 40-9-11.5, "Vending machine income obtained from the operation of a vending machine on state property shall accrue (1) to the blind or visually impaired licensee operating a vending facility on state property, or (2) in the event that there is no blind or visually impaired licensee operating the facility on state property, to the State Services for people who are blind or visually impaired for use in the support of the administration of the business enterprises, vending facilities program." Our review disclosed that the School for the Deaf does not submit revenue from the vending machine on its premises to the Services for the Blind and Visually Impaired as required, nor have they obtained a waiver from the agency. Since January 7, 1998 the revenue from the School's vending machine is deposited into the account of a non-profit organization known as the "Friends of the School for the Deaf." Prior to January 7, 1998 the vending machines revenue was deposited in the Student Activity Fund and was included in the transfer of funds to the "Friends" on that date.

Recommendations

40. Obtain from the "Friends of the School for the Deaf" an accounting of vending machine revenue recorded since January 7, 1998 and upon receipt, transfer the funds to the Services for the Blind and Visually Impaired as required by RIGL 40-9-11.5.

Management's Response: Accepted

Recommendations – (Cont'd)

41. The Rhode Island School for the Deaf should pursue obtaining a waiver from the Services for the Blind and Visually Impaired for submitting future vending machine revenue.

Management's Response: Accepted

Student Activity Account. The Bureau of Audits audit report for the fiscal year ended June 30, 1997 recommended all student activity cash accounts be closed and transfer the custody and accountability to the General Treasurer's Office and Office of Accounts and Control. Rather than fully implement the recommendation, the Rhode Island School for the Deaf closed the student activity fund account on January 7, 1998 and transferred the balance in the amount of \$6,452.05 to the non-profit organization known as the "Friends for the Rhode Island School for the Deaf." The revenue in the student activity funds was derived from various fund raising activities for the School, including proceeds derived from a vending machine on the School grounds. Auditors were unable to determine by what authority the School for the Deaf transferred the funds to a private organization. It is management's position that this is not state revenue, but belongs to the School. This is an incorrect position; the money was raised in the name of a state agency and deposited in an account that appears on a state master list. Funds derived from any legitimate purpose deposited into a state account become state funds until such time than an appropriate state authority under law determines otherwise.

Recommendation

42. The Rhode Island School for the Deaf should ensure that the "Friends for the Rhode Island School for the Deaf" reimburse the School in the amount of \$6,452.05 and transfer the custody and accountability to the General Treasurer's Office and Office of Accounts and Control.

Management's Response: Partially accepted

Cash Management – Federal Programs. The School for the Deaf receives federal funds from various sources. Although the responsibility for drawing down the funds is shared by the Rhode Island Department of Elementary and Secondary Education (RIDE) and the School for the Deaf, RIDE performs drawdowns based on expenditures submitted by the School. Our review disclosed that the School for the Deaf does not have a cash management system in place to ensure timely drawdowns of federal funds, nor are federal funds reconciled with the State Controller's records. As a result, state funds were used to fund federal programs in the amount of \$226,418.69 for the fiscal year ended June 30, 2002.

Recommendation

43. Develop procedures to ensure timely drawdowns of federal funds.

Management's Response: Accepted

OTHER PROGRAMS:

Building Safety and Security

Vandalism is a major concern at the School for the Deaf to the extent that the School's vehicles are stored overnight on the Davies Vocational School grounds for safety purposes. Several of the School's outdoor lights are not in operation. We observed damage to the School building and noted that vandals have also gained access to the roof. Concerns over vandalism has also forced the School to store a van in the maintenance garage area, an area that is not equipped with an outlet for the exhaust of the van, raising concerns about carbon monoxide.

The School roof leaks, and the drains on the roof have developed a serious mold problem. The elbow piping attached to the drains has an asbestos covering that is exposed to the elements and has become an environmental hazard. Complaints citing the School's heating and cooling system and lighting system to be inadequate have been filed with management. OSHA has determined that the air quality within the School for the Deaf is poor and recommend installing roof ventilators for lavatories and classrooms. The School playground surfaces do not meet federal safety standards and the playing fields are not enclosed causing the grounds to be damaged by all terrain vehicles and animal waste. The area's exposure to animals has resulted in a pit bull attack on a student.

Management has not established an internal security policy within the School. We noted that all personnel have access to key and alarm codes outside of their responsibilities and regular work areas.

Recommendations

44. Rhode Island School for the Deaf management should prepare a dedicated maintenance budget addressing the fiscal, capital, and manpower needs of the School on a fiscal year basis.

Management's Response: Accepted

45. R.I. School for the Deaf management should implement a formal internal security policy restricting employee access.

Management's Response: Accepted

Fire Safety

Our inquiries to management revealed that the Rhode Island School For the Deaf has not had a comprehensive fire safety inspection since 1996. Management also has not implemented a formalized contingency plan in the event the evacuation of the School is necessary. Auditors observed several conditions that were obstacles to establishing an efficient and effective fire safety program. Emergency lighting consists of lead acid batteries, many of which are not in proper working condition. Doorways that would be utilized in a fire evacuation plan are

often blocked, restricting access in the event of a fire. Teachers have brought in large personal items without notifying management that the configuration of their classroom areas has changed; this negates the effectiveness of fire exit maps. Many of the building's exterior doors (i.e., the cafeteria, the back hallway) open inwards and could create a hazard in an event of a mass evacuation. Clutter near ceiling areas blocks alarm system monitors and also creates a fire hazard. Auditors also observed several incidents where electrical outlets were overloaded and where fire extinguishers had been removed from their stations and used as doorstops.

Recommendation

46. A comprehensive fire safety inspection of the R.I. School for the Deaf should be conducted and an effective fire safety and contingency plan for the School should be developed.

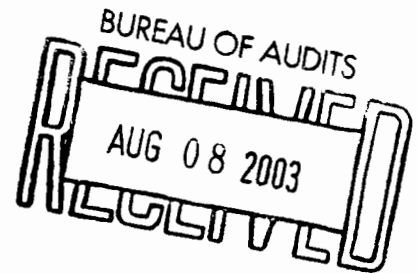
Management's Response: Accepted



State of Rhode Island and Providence Plantations
DEPARTMENT OF EDUCATION
Shepard Building
255 Westminster Street
Providence, Rhode Island 02903-3400

Peter McWalters
Commissioner

August 7, 2003



Stephen M. Cooper, Chief
State of Rhode Island Bureau of Audits
One Capitol Hill
Providence, Rhode Island 02908

**Re: Rhode Island School for the Deaf
Management Response to Draft Report**

Dear Mr. Cooper:

Thank you for the opportunity to carefully review the Draft Report relating to the Rhode Island School for the Deaf. The draft report and exit conference have been very informative, and we greatly appreciate the opportunity to analyze and reflect on the draft recommendations. Thank you also for your patience, as we have chosen to work together as the three primarily involved management and oversight entities – Board of Regents/Commissioner; Board of Trustees and school administration – to develop the enclosed jointly submitted management response.

All responses enclosed reflect the joint deliberations of the parties and, as such, additional time has been needed to come to consensus and a full understanding of your important recommendations. We look forward to the full implementation of the recommendations as we move forward under a newly reconstituted Board of Trustees and a new Director.

Should you have any questions regarding the enclosed Management Response to the Draft Report, please feel free to contact either of us, or please contact Jennifer Wood, Chief Legal Counsel at the Rhode Island Department of Elementary and Secondary Education.

Sincerely,

Peter McWalters, Commissioner
Rhode Island Department of Elementary
and Secondary Education

Maureen McEntee, Chairperson
Board of Trustees
Rhode Island School for the Deaf

Telephone (401)222-4600 **Fax** (401)222-6178 **TTY** 800-745-5555 **Voice** 800-745-6575

The Board of Regents does not discriminate on the basis of age, color, sex,
sexual orientation, race, religion, national origin, or disability.

Rhode Island School for the Deaf Performance Audit

Management Response to Draft Audit Report

Response to Current Year Findings and Recommendations

Recommendation 1:

The Board of Regents should appoint the requisite number of members to the Board of Trustees and identify their term limits in accordance with RIGL 16-26-3.1(c).

Management Response: Accepted.

The Board of Regents has approved four new appointees to fill all current Board of Trustees vacancies. Term limits and rotation of terms have been established.

Recommendation 2:

The Board of Regents should establish criteria for selecting nominees to serve on the Board of Trustees.

Management Response: Accepted.

Statutory criteria relate to the requirement that more than 50% of the Trustees be deaf or hard of hearing. Additional parameters are in use by the Regents to balance the background and experience of the Trustees.

Recommendation 3:

RIDE should develop a policy to address the subjects of compliance and sanctions for noncompliance for state-operated schools.

Management Response: Partially accepted.

All Rhode Island public schools and school committees are subject to the statutory authority of the Commissioner to require compliance with the InSite reporting requirements as well as adherence to all education laws and regulations. No separate authority or procedure is necessary for state schools, each of which operates under Rhode Island statute as a local education authority under the jurisdiction of a Board of Trustees with the powers and duties of a school committee. Withholding of funds for failure to timely file statutorily required reports is a remedy within the Commissioner's discretion.

for all public schools in Rhode Island, whether for a local school district or a state school funded by appropriation. To date, the Commissioner has not elected to use this sanction.

Recommendation 4:

The Board of Regents should promulgate regulations assessing competence in ASL to ensure teachers hired at the school can obtain documented evidence of competency.

Management Response: Partially accepted.

We agree as to the need for application of standards for American Sign Language competency as a requirement for teacher certification of teachers of the deaf. However, standards have been in use by the Office of Teacher Certification as required by statute. These standards will be promulgated as regulations after consultation with Board of Examiners of Interpreters for the Deaf and necessary procedures under the Administrative Procedures Act for promulgation of regulations.

Recommendation 5:

Currently there is a Special House Commission to Promote and Develop a Comprehensive System of Education for Visually-Impaired Children. We recommend that the vision services program be transferred from the Rhode Island School for the Deaf to an agency whose focus is to service the visually impaired until such time the Commission has completed its work.

Management Response: Accepted.

The Department agrees to relocate this program. This recommendation is being implemented administratively because, although the Legislative Commission chaired by Representative Naughton recommended and introduced legislation to effectuate this goal; the legislation was not passed in the immediate past General Assembly session. Further action is expected in the upcoming General Assembly session.

Recommendation 6:

The Board of Trustees should ensure compliance with RIGL 42-46-7.

Management Response: Accepted.

This recommendation is being implemented with support from the Commissioner's Office.

Recommendation 7:

The Board should set an agenda to develop and complete a policy manual and file the resulting policy directive according to R.I.G.L.42-35-2 and 42-35-4.

Management Response: Accepted.

This recommendation will be implemented as the Board vacancies have been filled and Board training is being undertaken in conjunction with the other state school's Boards of Trustees and the Association of School Committees.

Recommendation 8:

The Board should develop a policy and procedure to ensure compliance with RIGL 16-12-4.

Management Response: Accepted.

This recommendation has been implemented.

Recommendation 9:

The Rhode Island School for the Deaf and its management should organize, maintain and secure the confidentiality of student IEP records in accordance with state and federal mandates.

Management Response: Accepted.

RISD will request training from RIDE for issues related to organization, maintenance, and confidentiality of student IEP records. Further, RISD will implement a TST to assist in the development of classroom strategies. Management will implement a system to ensure that IEP's have appropriate documentation.

Recommendation 10:

The Rhode Island School for the Deaf should conduct the IEP process, in its entirety, in accordance with the directives of the Regulations of the Board of Regents for Elementary and Secondary Education Governing the Education of Children with Disabilities, and the Rhode Island Department of Elementary and Secondary Education, Office of Special Needs IEP Guidebook.

Management Response: Accepted.

RISD will request training from RIDE to ensure that IEPs are conducted in accordance with federal mandates. RIDE has already conducted a special education School Support Visit during June and will work with RISD to implement all recommendations in the School Support Visit report.

Recommendation 11:

A comprehensive program should be developed and implemented for the evaluation of teachers at the Rhode Island School for the Deaf.

Management Response: Accepted.

Rhode Island School for the Deaf administration and teacher's union are meeting currently to develop an evaluation instrument. The contract states that the evaluation instrument will be completed by October 1, 2003.

Recommendation 12:

Management should ensure that faculty members are certified to instruct the hearing impaired.

Management Response: Rejected.

Rhode Island School for the Deaf disagrees. All teachers at the Rhode Island School for the Deaf are assigned per area of certification and are properly certified to perform the duties of their jobs. Not all instructional personnel at the RISD are required to be certified as teachers of the deaf, as some fulfill other instructional roles. Other areas of certification included in the teacher assignments at the Rhode Island School for the Deaf include, but are not limited to:

- Special Education
- School Nurse/Teacher
- Health and Physical Education
- Business Education
- Vocational Education

Recommendations 13, 14, 15:

13. Ensure that all sabbatical leaves are processed in accordance with the Union Contract.
14. Cease providing medical benefits beyond contract limits to those employees on sabbatical leave.
15. Explore the feasibility of recouping the cost of medical benefits that have been improperly extended by management.

Management Response: Accepted.

RISD management will process sabbatical leaves in accordance with union contract and will no longer provide medical benefits beyond contract limits. However, because the

medical benefits that were previously extended to an employee on leave beyond the contract term were expressly authorized by the then Director of the School it is neither appropriate nor feasible to seek recoupment from the employee.

Recommendation 16, 17:

16. Ensure that faculty meetings are held in accordance with the Union Contract.
17. Provide students with twenty-five weekly periods of education.

Management Response: Rejected.

Rhode Island School for the Deaf disagrees. These recommendations do not distinguish between faculty meetings and departmental meetings. Faculty meetings are held in accordance with the Union Contract and, as such, are scheduled after school with the entire faculty and do not impact on instructional time. Departmental meetings are held on a weekly basis and focus on individual student needs, development and progress of IEP goals, special classroom situations, etc. All students are meeting or exceeding the minimum number of minutes necessary to receive course credit.

Recommendation 18:

Implement policies and procedures to ensure compliance with Section 16-6 of the Union Contract.

Management Response: Accepted.

An employee sign-out sheet will be placed at the front desk to be used by all employees who leave the building during the school day.

Recommendation 19:

Schedules of mainstream students should coincide with their teachers' to ensure students are in attendance for their scheduled instruction. Also, class size should be correctly stated.

Management Response: Rejected.

All RISD students who participate in mainstream programs do so under the terms of their IEPs. These IEPs require that students attend classes with hearing peers in various schools throughout the state. These placements are determined by decisions made at the IEP meeting involving parents, diagnosticians, LEA's, RISD staff, and others. In most cases these mainstream placements require the student to attend classes in two different schools. Often the end result is a complicated schedule, which balances the variables of class availability, interpreter services, transportation, and coordination. The RISD makes every effort to accommodate the above factors in the most efficient way however meeting the

terms of students' IEPs will continue to require flexibility in scheduling and student assignment at RISD for students who are also educated in the mainstream setting of schools other than the RISD.

Recommendation 20:

Adhere to the Union Contract as it applies to class size.

Management Response: Rejected.

Section 300.552 of the Regulations of the Board of Regents for Elementary and Secondary Education Governing the Education of Children with Disabilities stipulates a MAXIMUM class size. Similarly, Article 18.1 of the Teacher's contract stipulates a maximum class size. Actual class size must be dictated by the demands of programming contained in each student IEP. Neither maximum contractual class size nor maximum regulatory class size can be applied in a manner that is incompatible with the requirements of each student's IEP. Because of this requirement similar teacher-to-student ratios to those noted at the RISD exist in some self-contained classes in most public schools. The ability to offer a smaller ratio is in no way restricted by regulation, but is an important aspect of teaching a low-incidence, special needs population in which greater attention needs to be paid to communication skills and development. In addition, as the demographics of the student body changes, many more multiply handicapped and medically fragile children enroll in the school, and the educational/communication issues become more complex, it is important to maintain appropriate ratios in order to meet the needs of the students even though these ratios may be more heavily weighted with faculty that the regulations permit for maximum class size.

Recommendation 21:

Management should adopt, implement and promulgate comprehensive policies, procedures and guidelines regarding the financial management of the School in its entirety, and review them on a regular basis.

Management Response: Accepted.

With the onset of RI-SAIL, most procedures changed significantly in business offices throughout the state offices. These new procedures have been disseminated in a variety of ways including trainings, manuals, and website postings. The School for the Deaf adheres to all state regulations regarding financial management and is in the process of assembling and organizing the above-mentioned materials into a comprehensive, policy handbook. Toward this end, RISD has consulted with the Business Manager of our sister school, the Davies Vocational Career and Technical Center, and is modeling the handbook after the Davies book.

Recommendation 22:

Obtain reimbursement from the Director in the amount of \$507.25 for the personal use of the T-mobile sidekick.

Management Response: Rejected.

The former director has issued a check to the Assistant Business Manager for the amount necessary to transfer the sidekick's chip from the state-owned property to his personal property. The sidekick was returned to the school and has been used by the school nurse as part of the school's emergency communication system. The administration believes that this cell phone/pager was a necessity for the Director, who is deaf and, thus, needed a means of communicating with his staff from remote locations given his inability to use a telephone or the intercom system. This was a legally required reasonable accommodation under the Americans with Disabilities Act. The records indicate that the former Director's usage of this telecommunications device never exceeded the basic monthly allowance of the contract in any month. Thus, there is no pro ration of personal expenses versus business expenses resulting from any overage. Under the circumstances management does not believe it appropriate to seek such reimbursement.

Recommendation 23:

The School for the Deaf should maintain a cash receipts journal and reconcile monthly to the controller's records.

Management Response: Accepted.

The School maintains a specific and accurate journal regarding the building rental receipts. The out-of-state tuition receipts are also kept, but will be recorded in journal form along with the rental receipts. Monthly reconciliation will be done per recommendation.

Recommendation 24:

Cease offsetting expenditures and deposit all monies into the general fund.

Management Response: Rejected.

As noted in the Performance Audit Report, all revenues for out-of-state tuition are posted to the general fund. The State of Rhode Island takes in approximately \$400,000 annually from out-of-state tuitions at the School for the Deaf, which goes directly to the general treasury.

The receipts for gymnasium/building rental are posted to the general fund, and then transferred to particular natural accounts (line items) such as utilities, per the previously obtained advise from Larry Franklin, according to former Assistant Director of Program Services.

This is important for several reasons. First, it is clear that when the building is used during evening and weekend hours for non-school activities, there are additional expenses incurred that are not related to the operation of the school, per se. These include heat, electricity, etc. The use of rental funds to offset these areas of expense is a natural and logical application of these revenues. Second, the school administration deems it very important that the Rhode Island School for the Deaf be viewed as a SCHOOL; RISD is an educational institution within the larger community of the state of Rhode Island, but at the same time it has a physical presence in the North End of Providence. The administration values the fact that the RISD is seen by the community as a functioning and contributing entity. We receive constant requests from a wide range of community groups to use the facilities, including the gymnasium, the athletic fields, and various meeting rooms. When these facilities are used by the community, the School for the Deaf benefits from good public relations and increased awareness from the general public about the school, its mission, and the deaf community. In addition, the community use of the facilities helps combat the constant threat of vandalism by having people in the building during high-risk hours (evenings and weekends) and by becoming more a part of the community that may deter destructive behavior from strangers.

Recommendation 25:

Ensure deposits are made in accordance with RIGL 11-28-1.

Management Response: Accepted.

Recommendation 26:

Management should implement procedures to ensure a monthly schedule of accounts payable is developed and all invoices processed for payment should have a packing slip attached and an authorized agent's signature to approve payment.

Management Response: Partially accepted.

All payments have authorized agent's signature otherwise RI-SAIL would not process payment. The specific issue cited above "duplicate payment in the amount of \$322" was, in fact, two payments of \$160.68 for the same bill to the Providence Journal for advertisement of the monthly Board of Trustees meeting. The Journal has been contacted by the business office, and this issue will be reconciled.

Recommendation 27:

Comply with Procedure A-16 of the State Controller's Procedural Handbook.

Management Response: Accepted.

Implementation has begun.

Recommendation 28:

Management should periodically review the Schools tuition cost per pupil and bill the municipalities accordingly.

Management Response: Partially accepted.

According to the FY 02 InSite Report, the per pupil cost is presently \$38,337. This is significantly higher than the current rate that is being charged to out-of-state districts for student tuition, which has not increased during the past few years. While it seems obvious that an increase is both appropriate and necessary, a significant increase of the magnitude suggested may have a negative impact on the school's enrollment if the sending districts cannot afford the new rate. Given the size of the RISD, the 17 out-of-state students have a positive impact on the school as they provide greater exposure, more educational options, increased peer group size for the Rhode Island students. The inclusion of out-of-state deaf and hard of hearing students is extremely important to the Rhode Island School for the Deaf program. In addition, the revenues provide the state of Rhode Island with several hundred thousand dollars each year. So, while the tuition should be increased, it will be important to determine a rate that is fair but does not price us out of the market.

Recommendation 29:

Management should implement a system of internal control over in-state travel to ensure its validity. Travel reimbursement vouchers should be reconciled to internal records to avoid any discrepancies.

Management Response: Accepted.

Currently, the system relies upon professional responsibility. That is, teachers who serve students in communities, per the student's IEP, are required to provide services to students in certain locations. These schedules are determined at the IEP meeting. Teachers are expected to fulfill their professional obligations of providing educational services to students throughout the state of Rhode Island. At the end of the month, they complete the appropriate travel reimbursement forms based on their month's activities. Beginning September 1, 2003, management will require that employees submit a contemporaneously recorded travel log to verify the amount, purpose and destination of travel.

Recommendation 30:

Management should seek reimbursement of \$205.86 from the employee who was paid twice.

Management Response: Accepted.

The employee has been identified but is currently out on sick leave. Recommendation will be completed when employee returns to work.

Recommendation 31:

Management should file "Vehicle Usage Reports" timely to comply with the State Controller's Procedure A-51.

Management Response: Accepted.

The Director who used the car is no longer an employee of the State of Rhode Island and the personal vehicle has been returned to State Fleet, however, RISD will contact the DOA to determine if a final report needs to be filed.

Recommendation 32 and 33:

32. Management should comply with state policies regarding the monitoring, examination, and reimbursement of all personal use of all state telephone communication devices.
33. Management should comply with state directives regarding the return of cellular phones to the proper state authority.

Management Response: Accepted.

It should be noted that the School for the Deaf is in the process of purchasing four (4) telecommunications devices that facilitate emergency communication between deaf and hard of hearing staff members per the School Safety Committee's recommendation. These will be used by the school nurse, the school bus driver, and the two "in-charge" building administrators. All users will comply with state regulations.

Recommendation 34:

The Rhode Island School for the Deaf should develop policies and procedures for reporting the time and effort of its employees.

Management Response: Accepted.

Management will develop Time and Effort forms for use by employees who are funded by multiple sources to verify pro-ration of payroll costs.

Recommendation 35:

Management at the School for the Deaf should use blanket purchase orders for non-contracted expenditures of a similar nature in accordance with RIGL 37-2.

Management Response: Accepted.

This process has been implemented.

Recommendation 36:

The Rhode Island School for the Deaf should submit lease agreements for approval with both the Attorney General and the Director of Administration in accordance with RIGL 42-20-8.

Management Response: Accepted.

However, this is no longer applicable. The Lease Agreement between the School for the Deaf and Times 2 Academy has been terminated as of June 30 with no plans to continue such lease in future.

Recommendation 37:

The Rhode Island School for the Deaf should develop procedures to ensure lessees provide certificates of liability insurance for the period the facility is utilized by the lessee.

Management Response: Accepted.

We accept with clarification. Every group that rents the facilities at the School for the Deaf must show proof of insurance prior to receiving permission. This has been and will continue to be the operational policy. Occasionally, renting groups in FY 02 were delayed in submitting proof of insurance; all groups in FY 03 have documentation in RISD journal.

Recommendation 38:

Management should implement state policies and procedures that seek to establish a system to control and establish the proper stewardship over the state's investment in fixed assets at the School for the Deaf.

Management Response: Partially accepted.

The Rhode Island School for the Deaf has an accurate, up-to-date fixed asset inventory. Our technical consultant has worked with personnel from FACTS to update the inventory. RISD staff recently attended training session with personnel from Fixed Assets and have updated and expanded the Fixed Assets Inventory. This enclosed as an attachment.

Recommendation 39:

The Rhode Island Department of Education should enforce the same filing requirements it imposes on Rhode Island school districts with the Rhode Island School for the Deaf and provide software training to responsible staff.

Management Response: Accepted.

This is already implemented. The current In\$ite Report is completed. (Per Mike Saunders, RIDE)

Recommendation 40, 41:

40. Obtain from the "Friends of the School for the Deaf" an accounting of vending machine revenue recorded since January 7, 1998 and upon receipt, transfer the funds to the Services for the Blind and Visually Impaired as required by RIGL 40-9-11.5.
41. The Rhode Island School for the Deaf should pursue obtaining a waiver from the Services for the Blind and Visually Impaired for submitting future vending machine revenue.

Management Response: Accepted.

RISD has obtained a waiver from the Department of Administration "exempting income from vending machines currently at RISD from deposit with the Department of Human services, Office of Rehabilitation Services, Services for the Blind and Visually Impaired pursuant to Section C.6 of the Policy and Procedures Manual of the Office of Rehabilitation Services." A copy of this document is available upon request.

Recommendation 42:

The Rhode Island School for the Deaf should ensure that the "Friends for the Rhode Island School for the Deaf" reimburse the School in the amount of \$6,452.05 and transfer the custody and accountability to the General Treasurer's Office and Office of Accounts and Control.

Management Response: Partially accepted.

Following the 1997 recommendations, the Student Activity Account was closed. At the time, it had revenues that had been collected from various school fund-raisers such as candy sales, sale of deaf-related novelty items that were supplied by the Parent Teacher League, and athletic department fund-raising activities. All of these funds were raised by the children and parents of the Rhode Island School for the Deaf through various school-related activities, booster-club activities, etc. These were private funds, not state funds. Given these facts, it seems inappropriate to transfer funds from these kinds of activities to state custody. The Parent Teacher League, under its non-profit status of "Friends of the Rhode Island School for the Deaf", had been overseeing these activities for many years. "Friends" is a non-profit corporation since February 1975, and has assumed custody of these funds/activities with the Parent Teacher League being the functioning arm of "Friend's".

Recommendation 43:

Develop procedures to ensure timely draw-down of federal funds.

Management Response: Accepted.

Recommendation completed at close of FY 03.

Recommendation 44:

Rhode Island School for the Deaf management should prepare a dedicated maintenance budget addressing the fiscal, capital and manpower needs of the school on a fiscal year basis.

Management Response: Accepted.

Recommendation 45:

Rhode Island School for the Deaf management should implement a formal internal security policy restricting employee access.

Management Response: Accepted.

Accept with clarification. An internal security policy currently exists. The security system within the building is controlled at a central location. While it is capable of identifying security issues in specific areas throughout the building, the entire system is within one zone. Management has determined personnel of have access to security codes, based on the overall functioning of the school.

Recommendation 46:

A comprehensive fire safety inspection of the Rhode Island School for the Deaf should be conducted and an effective fire safety and contingency plan for the School should be developed.

Management Response: Accepted.

Management has established a School Safety Committee, which is re-writing the Emergency Procedures Handbook following recommendations from the Governor's Emergency Procedures Guidelines, 1998. In addition, management is establishing a School-Safety Plan, and School-Safety Team, and a Crisis-Response Team per the Commissioner's directive and in conjunction with the recommendations of the Red Cross Homeland Security Advisory System.